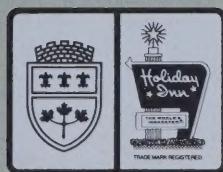


AR46

1975
ANNUAL
REPORT



COMMONWEALTH *Holiday Inns* OF CANADA LIMITED

Financial highlights

Year ended October 31, 1975



Holiday Inn, London - City Centre Tower,
London, Canada

	1975	1974
Sales — all Inns	\$137,976,675	\$109,545,456
Sales — excluding managed Inns	\$120,694,690	\$ 99,691,716
Earnings before taxes	\$ 1,790,869	\$ 6,020,114
Provision for income taxes	\$ 1,378,000	\$ 3,360,000
Earnings from operations	\$ 412,869	\$ 2,660,114
Dividends on preferred shares	\$ 400,000	\$ 203,014
Earnings available to common shareholders (before extraordinary item)	\$ 12,869	\$ 2,457,100
Per share		46¢
Extraordinary Item		\$ 293,951
Earnings available to common shareholders	\$ 12,869	\$ 2,163,149
Per share		41¢
Cash flow from operations*	\$ 8,521,979	\$ 11,550,997
Per share	\$ 1.60	\$ 2.17
Working capital	\$ (656,086)	\$ 2,128,202
Additions to plant and equipment	\$ 19,558,897	\$ 20,115,644
Total assets at year end	\$160,361,169	\$133,335,462

* Cash flow consists of earnings from operations plus charges which do not require an outlay of funds.

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Corporate Offices

304 York Street
London, Ontario N6B 1P8

Regional Offices

Holiday Inn, Swiss Cottage
128 King Henry's Road
London NW3 3ST, England

Imperial Bank of Commerce Building
Broad Street
Room 303
Bridgetown, Barbados

Sales Offices

CANADA
Montreal, Quebec
Toronto, Ontario
Calgary, Alberta
Vancouver, British Columbia

UNITED STATES
New York, New York
Buffalo, New York

EUROPE
London, England

Registrar and Transfer Agent

The Registrar for the Common Shares and the Preferred Shares is Canada Permanent Trust Company at its principal offices at Toronto, Montreal, London, Winnipeg, Regina, Calgary and Vancouver. The Transfer Agent for the Common Shares and the Preferred Shares is The Royal Trust Company at its principal offices at Toronto, Montreal, London, Winnipeg, Regina, Calgary and Vancouver.

Interim Report

For the six months ended April 30, 1975

Aux actionnaires

Les ventes du semestre se terminant le 30 avril 1975 se sont élevées à \$48.9 millions soit 22% de plus que pour le même exercice l'an dernier. On peut attribuer une partie de cette augmentation aux hôtels inaugurés récemment et qui, autrement, ne sont normalement pas profitables durant l'hiver.

L'augmentation de la perte durant cet exercice reflète :

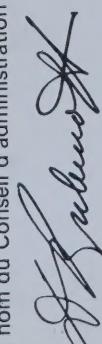
- une prolongation des conditions insatisfaisantes d'exploitation des hôtels insulaires de la Compagnie;
- une diminution du niveau d'habitats de plusieurs de nos hôtels canadiens au cours du deuxième trimestre. Cela est dû à une baisse générale des affaires et du commerce touristique provenant des États-Unis. Ce pays subit en ce moment sa crise économique la plus sévère depuis la dernière guerre mondiale;
- les effets des pressions exercées par l'inflation sur les coûts d'exploitation; la plupart de ces coûts n'ont pas pu être récupérés par des prix de vente majorés.

Il est difficile de prévoir le volume du commerce touristique pour la saison estivale, qui, par le passé, représentait une portion substantielle des profits de la Compagnie. Cependant, en étudiant les conditions économiques qui affectent notre industrie ainsi que les résultats du premier semestre, nous anticipons que les profits de l'année finançière 1975 seront inférieurs à ceux de 1974. Les hôtels de la Compagnie sont situés de façon stratégique. Donc, si l'économie accusait un regain d'énergie, nous en profitserions grandement.

Dernièrement, les négociations entreprises en vue de notre acquisition de Charterways Co. Limited ont été conclues avec succès. La Compagnie projette de conserver et d'exploiter la division profitable des autobus Charterways et a déjà entrepris de vendre les exploitations de fret et la division des hélicoptères. Cette acquisition sera le complément idéal de nos exploitations hôtelières au Canada et à partir de la prochaine année financière, nous prévoyons qu'elle apportera une contribution intéressante à nos bénéfices.

Le Holiday Inn—Vancouver Harbourside et le Holiday Inn—Saskatoon ont été inaugurés récemment. La Compagnie exploite donc maintenant 65 hôtels représentant un total de 13,524 chambres au Canada, aux États-Unis, en Europe et dans les Antilles.

Au nom du Conseil d'administration



J. Rubinoff
Président du Conseil d'administration et
Directeur général de l'administration
Le 24 juin 1975



Holiday Inn Port of Spain (Trinidad)



Holiday Inn Grand Island/Niagara (U.S.)

Holiday Inn London-Swiss Cottage (U.K.)

Holiday Inn Ottawa-Centre (Canada)



Holiday Inns
OF CANADA LIMITED
The most accommodating people
in the world.®

COMMONWEALTH



Commonwealth Holiday Inns
of Canada Limited



CONSOLIDATED STATEMENT OF EARNINGS / ÉTAT CONSOLIDÉ DES BÉNÉFICES

To the Shareholders

Sales for the six months ended April 30, 1975 reached \$48.9 millions or 22% over the like period last year. A portion of this increase is attributable to newly opened Inns which are not normally profitable during the low volume winter season.

The increased loss experienced during the period

- a continuation of unsatisfactory operating conditions

- a second quarter turndown in the occupancy levels of many of our Canadian Inns due to a decrease in the Company's off shore Inns.

commercial business and a very low level of tourism from the United States, which was experiencing its

- the effect of inflationary pressures on operating costs

—much of which could not be offset by increased selling prices.

It is difficult to predict the volume of tourist business in the summer season which has in the past produced a

substantial portion of the Company's profit. However, having regard to the economic conditions affecting our

industry and to the first half results, we anticipate profits for the 1975 financial year will be lower than that achieved in 1974. The Company's enlarged network of offices

strategically placed to benefit significantly should a re-
covery occur in overall economic activity.

Negotiations have recently been concluded which have resulted in the acquisition of Charterways Co. Limited

under favourable terms. The Company plans to retain and operate the profitable bus and motor coach division of

Charterways and has arranged for the sale of its helicopter and package freight operations. This acquisition will com-

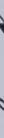
plement our hotel operations in Canada and commencing next fiscal year, will make a positive contribution to

With the recent opening of the Holiday Inn—Vancouver

Harbourside and the Holiday Inn—Saskatoon, the Company now operates 65 Inns comprising 13,524 rooms in Canada, the United States, Europe and the Caribbean.

On behalf of the Board
Canada, the United States, Europe and the Caribbean.

Cii Detain Ute Buaui


D. Rubinoff

	CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION / ÉTAT CONSOLIDÉ DES CHANGEMENTS DE LA SITUATION FINANCIÈRE		
	Six Months Ended April 30th Trimestre se term. le 30 avril		Six Months Ended April 30th Semestre se term. le 30 avril
	1975	1974	1975
Working Capital At Beginning of Period/Fonds de roulement au début de l'exercice.	\$25,709,500	\$21,751,900	\$48,886,700
SOURCE OF FUNDS/PROVENANCE DES FONDS:			\$39,905,700
Loss/Perte.	(746,800)	552,700	(2,104,400)
Non Cash Items/Éléments non liquides.			(361,900)
Depreciation and Amortization/Dépréciation et amortissement.	(342,000)	251,500	(942,000)
Deferred Income Taxes/Impôts sur le revenu reportés.	(404,800)	301,200	(1,162,400)
Other/Autres.			(186,500)
Investment by Minority Interest in Shares of a Subsidiary/Placements d'intérêts minoritaires pour des actions d'un subsidiaire.			(175,400)
Mortgages and Other Long Term Loans/Hypothèques et autres emprunts à long terme.			(186,500)
Sale of Shares/Vente d'actions.			(21,900)
APPLICATION OF FUNDS/UTILISATION DES FONDS:			
Purchase of Fixed Assets/Achats d'immobilisations.			\$ 62,000
Investments (Net)/Placements (nets).			
Deferred Opening, Development and Borrowing Costs/Ouverture, rénovation et frais d'emprunts reportés.			
Franchises/Concessions.			
Reduction of Long Term Debt/Diminution de la dette à long terme.			
Extraordinary Foreign Exchange Loss/Perte extraordinaire en devises étrangères.			
Dividends on Preferred Shares/Dividendes pour actions privilégiées.			
Expenses of Share Issue/Dépenses d'émission pour d'actions.			
Purchase of Company Shares/Achat d'actions de la compagnie.			
Decrease in Working Capital/Diminution du fonds de roulement.			
Working Capital Deficit at End of Period/Déficit du fonds de roulement à la fin de l'exercice.	5,317,731	5,317,731	5,317,731
Inns in operation/Hôtels en activité			
British Columbia/Colombie-Britannique. Vancouver—Broadway, Vancouver—Harbour Side, Alberta , Edmonton, Lethbridge, Saskatchewan , Saskatoon—Downtown, Manitoba, Winnipeg—Downtown Ontario, Kenora, Thunder Bay, Sault Ste. Marie, Sudbury, Windsor, Chatham, Sarnia, London—South, London—City Centre, Kitchener, Cambridge, Brantford, Hamilton, Burlington, St. Catharines, Oakville—Downtown, Toronto—Don Valley, Toronto—Yorkdale, Toronto—East, Toronto—West, Toronto—Airport, Oshawa, Barrie, Collingwood, Owen Sound, Huntsville, Peterborough, Kingston, Cornwall, Ottawa—Centre, Ottawa—Downtown, Québec , Québec—Longueuil, Montréal—Pointe Claire, Sherbrooke, Québec City—Downtown, Nova Scotia/Nouvelle-Écosse, Halifax—Centre, Sydney, Michigan, Port Huron, New York, Grand Island—Buffalo/Niagara, Caribbean/Les Antilles , Antigua, Barbados, St. Lucia, St. Kitts, Port of Spain, Trinidad, Portugal, Madeira, United Kingdom/Royaume-Uni, Plymouth, London—Marble Arch, London—Swiss Cottage, Slough/Windsor, Bristol, Newcastle, London—Heathrow Airport, Birmingham—City Centre, Leicester—City Centre, Liverpool—City Centre t.			

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION / ÉTAT CONSOLIDÉ DES CHANGEMENTS DE LA SITUATION FINANCIÈRE		
	Six Months Ended April 30th Semestre se term. le 30 avril	1975 1974
Working Capital At Beginning of Period/Fonds de roulement au début de l'exercice.....	\$ 2,128,200	\$ 62,000
SOURCE OF FUNDS/PROVENANCE DES FONDS:		
Loss/Perte.....	(1,162,400)	(175,400)
Non Cash Items/Éléments non liquides.....		
Depreciation and Amortization/Dépréciation et amortissement.....	2,744,100	2,281,700
Deferred Income Taxes/Impôts sur le revenu reportés.....	(942,000)	(186,500)
Other/Autres.....	87,800	(21,900)
	<u>727,500</u>	<u>1,897,900</u>
Investment by Minority Interest in Shares of a Subsidiary/Placements d'intérêts minoritaires pour des actions d'un subsidiaire.....	700,700	—
Mortgages and Other Long Term Loans/Hypothèques et autres emprunts à long terme.....	6,821,200	5,000,000
Sale of Shares/Vente d'actions.....	<u>—</u>	<u>—</u>
	<u>8,249,400</u>	<u>11,982,700</u>
APPLICATION OF FUNDS/UTILISATION DES FONDS:		
Purchase of Fixed Assets/Achats d'immobilisations.....	11,338,200	11,537,700
Investments (Net)/Placements (nets).....	171,000	342,600
Deferred Opening, Development and Borrowing Costs/Ouverture, rénovation et frais d'emprunts reportés.....	876,100	471,700
Franchises/Concessions.....	10,600	168,400
Reduction of Long Term Debt/Diminution de la dette à long terme.....	544,100	409,400
Extraordinary Foreign Exchange Loss/Perte extraordinaire en devises étrangères.....	—	293,900
Dividends on Preferred Shares/Dividendes pour actions privilégiées.....	200,000	—
Expenses of Share Issue/Dépenses d'émission d'actions.....	—	374,900
Purchase of Company Shares/Achat d'actions de la compagnie.....	262,900	—
	<u>13,402,900</u>	<u>13,598,600</u>
Decrease in Working Capital/Diminution du fonds de roulement.....	5,153,500	1,615,900
Working Capital Deficit at End of Period/Déficit du fonds de roulement à la fin de l'exercice.....	<u>\$ 3,025,300</u>	<u>\$ 1,553,900</u>

Toronto—Don Valley, Toronto—Yorkdale, Toronto—East, Toronto—West, Toronto—Airport, Oshawa, Orillia, Barrie, Collingwood, Owen Sound, Huntsville, Peterborough, Kingston, Cornwall, Ottawa—Centre, Ottawa—Downtown, Québec—Montréal—Longueuil, Montréal—Pointe Claire, Lévis, Gaspé, Saguenay, Trois-Rivières, Sherbrooke, Baie-Comeau, Matane, Baie Verte, St. John's.

Heathrow Airport†; Birmingham—City Centre†; Dover—City Centre†; Leicester—City Centre†; Liverpool—City Centre†.
Inns under construction/Hôtels en construction
Ontario London—City Centre Tower* Wallaceburg* **Québec** Montréal—Dominion Square**† **Caribbean/Les Antilles** Guadeloupe**

June 24, 1975

*Opening 1975	**Opening 1976-77	Jointly operated with Holiday Inns, Inc.
*Inauguration en 1975	*Inauguration en 1976, 1977	Opérée conjointement avec Holiday Inns, Inc. †Opérée conjointement avec Attic Inns, Inc.

Report to the Shareholders



David Rubinoff, Chairman of the Board

Financial results of your Company for the year ended October 31, 1975 were seriously affected by economic conditions that persisted throughout North America and Europe. During the period, worldwide inflation reached its highest post-war level in such basic areas as energy, labour and food. Declining industrial activity and lower discretionary personal incomes have contributed to reduced business travel and changed travel patterns related to tourism. These conditions, which are expected to moderate in 1976, have caused a general decline in hotel occupancy levels.

In the past 18 months, 12 Inns with more than 2,500 rooms were opened by the Company in Canada, completing the major expansion program started in 1968. Our Canadian chain now stretches from coast to coast and is comprised of 47 Holiday Inns, each of which provides reservations for the others through the Holidex referral system. Under normal operating conditions, the new properties would have had a marginal effect on earnings during their introductory period. The deepening of the Canadian recession during 1975 however, prevented much of this new capacity from achieving adequate revenue levels and as a consequence, abnormal losses were experienced. Earnings in Canada were also affected by an oversupply of hotel accommodation in several major urban markets, including Toronto, Vancouver and Quebec City. Extremely competitive marketing conditions have emerged and are expected to continue well into 1976 in these cities.

Historically, the Company has received a significant portion of its occupancy from American business and tourism and for this reason, one cannot help but be encouraged by the apparent economic upturn in the United States. This recovery,

if maintained, is expected to have a positive effect on earnings of the Company during the latter part of the year.

Operating results for the Company's offshore Inns in the Caribbean have been very disappointing. This market has been seriously eroded by the North American recession and the substantial escalation that has taken place in the cost of air travel. New programs have been developed to stimulate sales in the Caribbean, including an exclusive three-party marketing agreement with a large Canadian tour wholesaler and a major international airline. In addition, our sales force has gained significant exposure for these properties with German tour operators serving a substantial tourist market in that country. While early bookings from these programs have been encouraging, we do not foresee a significant improvement in the operating results of this division during 1976. During the month of March, we assumed management of a new Holiday Inn on the Island of Guadeloupe. This Inn is owned by French interests and the Company is receiving a fee for its services under a Management Contract.

In light of the current economic climate, we are pleased with the progress of the Company's United Kingdom Inns during 1975. The London area Holiday Inns continue to enjoy high occupancy rates and the provincial Inns have shown steady improvement. We are confident these properties will make a significant contribution to earnings of the Company in future years. In a recent Interim Report, shareholders were advised that the Company had ceased operations of the Holiday Inn Madeira due to political unrest in Portugal. In addition, the Inns being developed in Estoril, the Algarve and Lisbon will not be operated by the



Ernest B. Fletcher, President

Company. No equity investment had been made in these Portuguese hotels and the Company will not suffer a capital loss by reason of its withdrawal from that country.

As previously announced, the Company purchased substantially all of the shares of Charterways Co. Limited in June, 1975. Much has been accomplished in the reorganization of this company in the relatively short time that has elapsed since it was acquired. The Helicopter and Package Freight operations have been sold, financial controls and budget procedures implemented and new marketing programs established. We are pleased to report the retained operations of Charterways are operating profitably and are expected to make a significant contribution to earnings of the Company in 1976.

On behalf of the Board of Directors, we wish to thank the officers and employees of the Company for their dedicated service during the past year.

March 19, 1976.

A handwritten signature in blue ink, appearing to read "D. Rubinoff".

Chairman of the Board
and Chief Executive Officer

A handwritten signature in blue ink, appearing to read "E.B. Fletcher".

President and Chief Operating Officer

Directors and Officers



From left to right: Hon. John P. Robarts, P.C., Q.C.; David B. Weldon; Frank W. Adams; Frederick W. P. Jones; Albert E. Shepherd, Q.C.; David Rubinoff; Ernest B. Fletcher; Robert A. Rubinoff; Ludwick M. Clymer.

Directors

David Rubinoff *
Chairman of the Board and
Chief Executive Officer
Commonwealth Holiday Inns of Canada Limited,
London, Ontario
Ernest B. Fletcher *
President and Chief Operating Officer
Commonwealth Holiday Inns of Canada Limited,
London, Ontario
Robert A. Rubinoff
Executive Vice President
Commonwealth Holiday Inns of Canada Limited,
London, Ontario
Albert E. Shepherd, Q.C. **
Barrister and Solicitor, Partner of Shepherd,
McKenzie, Plaxton, Little & Jenkins,
London, Ontario
Frank W. Adams
Senior Vice President and Division President,
Commercial Services Division, Holiday Inns, Inc.,
Memphis, Tennessee
Ludwick M. Clymer
President
Holiday Inns, Inc., Memphis, Tennessee
Frederick W. P. Jones *†
Financial Consultant
London, Ontario
Hon. John P. Robarts, P.C., Q.C.
Barrister and Solicitor, Partner of Stikeman,
Elliott, Robarts and Bowman,
Toronto, Ontario
David B. Weldon * †
Chairman, Midland Doherty Limited,
Toronto, Ontario
* Member of the Executive Committee
† Member of the Audit Committee

Corporate Officers

David Rubinoff
Chairman of the Board and
Chief Executive Officer
Ernest B. Fletcher
President and Chief Operating Officer
Robert A. Rubinoff
Executive Vice President
Edward C. Campbell
Senior Vice President, Operations Administrator

Albert E. Shepherd, Q.C.
Senior Vice President, General Counsel
Ronald M. Thomas
Senior Vice President
Finance and Corporate Planning
Andre R. Pettigrew
Group Vice President and Treasurer
Philip Epriole
Vice President, Design and Planning
W. Harvey Gleason
Vice President and Controller
Charles H. King
Vice President and Secretary
John C. Logan
Vice President, Project Development
Raymond R. Yelle
Vice President, Director of
United Kingdom and Caribbean Operations
Jeanette M. Stevens
Assistant Vice President and Assistant Secretary

Division Vice Presidents

Juergen E. Bartels
District Director
William G. Campbell
Director of Security
Charles A. Cline
Director of Personnel
Hans J. Demuth
Director of Food and Beverage
James A. Havers
District Director
Anthony G. Malloy
Director of Internal Audit
Ian M. Marshall
Director of Advertising and Public Relations
John C. Peskett
Director of Sales
Theodore Smits
Director of Construction,
Planning and Maintenance
George J. Zaritzky
Director of Financial Planning

Assistant Vice Presidents

William C. Anderson
Sales
Lewis Blum
District Director
Bert M. Bornhoeft
District Director
William R. Janzen
Director of Systems and Data Processing
Gordon R. Langford
District Director
William Mathews
Projects Development
John B. Pleasence
District Director
Frederick W. Sillett
Director of
Insurance and Assessments
Shirley M. Smith
Personnel Manager
Lorenzo Tommasi
District Director

Philip Epriole Associates Limited Associated Innkeeper's Supply Company

Philip Epriole, President
Kenneth Pharoah, General Manager

Charterways Co. Limited

Albert E. Shepherd, Q.C.
Chairman and Chief Executive Officer
Bruce R. Dodds
President and Chief Operating Officer
Geoffrey P. Davies
Executive Vice President
Lloyd D. Monteith
Vice President, Finance
Robert Van Kleek
Vice President, Canada Tour

Charterways Co. Limited

In June, 1975, the Company purchased substantially all of the outstanding common shares of Charterways Co. Limited. Charterways originated in 1958 as a school bus operation in southwestern Ontario and subsequently expanded throughout the Province, establishing 16 branch operations stretching from Ottawa to Windsor and north to Sault Ste. Marie and Sudbury. The Company is under contract to 42 school boards and transports some 60,000 students each school day or over 11,000,000 student trips per year. As well as regular school route service, Charterways prepares and markets educational/recreational charters and inclusive tours for student groups.

In 1965, the exclusive license was acquired to provide express motor coach transportation from Toronto's International Airport to the downtown area, a service that has since been expanded as far as the cities of Hamilton and Oshawa. The Company also provides alternate charter ground transportation service replacing scheduled flights cancelled due to inclement weather.

"Canada Tour" is the registered name under which Charterways plans and markets, mainly through travel agents, a complete line of inclusive tours by motor coach and charter airline throughout North America, the Caribbean, Mexico and Europe. Deluxe air-conditioned coaches equipped with plush reclining seats, air-ride suspension, washroom facilities and panoramic windows provide the ultimate in motor coach comfort. Tours range in duration from three to thirty days and in some instances, are varied to include both motor coach and airline travel.



In addition, the Company operates a fleet of motor coaches for charter by groups and organizations to destinations throughout Canada and the United States and runs some inter-city routes in south-western Ontario. Charterways owns and operates over 1,000 buses as well as other vehicles.

The acquisition of Charterways provides the Company with ground transport operations to complement its hotel facilities

throughout Canada. Joint marketing of tour programs has been planned for this year's summer tour season which will no doubt contribute to the occupancy levels of Holiday Inns operated by the Company.

Consolidated balance sheet

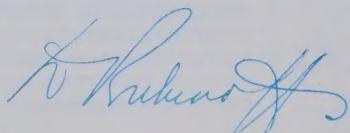
October 31, 1975 (with comparative amounts for 1974)

ASSETS	1975	1974
Current:		
Cash	\$ 3,817,160	\$ 6,801,508
Accounts receivable	8,138,355	7,221,528
Amounts due under sale agreements	819,562	
Inventories — at the lower of cost and net realizable value	2,716,727	2,826,046
Prepaid expenses	2,635,525	1,928,925
	18,127,329	18,778,007
Fixed — at cost — Notes 2 and 12		
Land	7,768,403	4,861,883
Buildings, leaseholds, etc.	90,442,003	62,723,396
Furnishings and equipment	30,788,817	24,343,718
Transportation equipment	13,769,131	
	142,768,354	91,928,997
Less accumulated depreciation and amortization	21,868,081	12,158,822
	120,900,273	79,770,175
Major renovations (net of amortization to date of \$1,978,053 in 1975 and \$1,302,202 in 1974)	3,636,844	2,356,997
	124,537,117	82,127,172
Inns under construction — at cost		18,628,699
Investments — Note 3	7,718,598	7,547,399
Deferred costs and other assets:		
Opening and development cost — net — Note 4	4,036,345	3,517,694
Cost of borrowing — net — Note 4	1,476,129	1,001,619
Franchises — Holiday Inns, Inc. — at cost	1,649,074	1,734,872
Transportation operating authorities — at cost — Note 1	2,816,577	
	9,978,125	6,254,185
	\$160,361,169	\$133,335,462

(See accompanying notes)

On behalf of the Board

Director



Director



LIABILITIES AND SHAREHOLDERS' EQUITY	1975	1974
Current liabilities:		
Accounts payable and accrued charges	\$ 14,402,705	\$ 13,690,802
Taxes payable	1,527,970	1,417,684
Long term debt payable within one year	2,852,740	1,541,319
	18,783,415	16,649,805
Long term debt — Note 5	95,405,537	73,560,663
Deferred gains (net of amortization to date of \$285,294 in 1975 and \$205,800 in 1974)	1,350,338	1,440,332
Deferred income taxes — Note 6	17,053,486	14,646,986
Minority interest in subsidiary company	1,478,073	797,309
Shareholders' equity:		
Capital — Note 7		
<i>Authorized:</i>		
800,000 preferred shares of \$25 par value each		
7,425,000 common shares of no par value		
<i>Issued and fully paid:</i>		
200,000 8% cumulative, redeemable convertible preferred shares — Series A	5,000,000	5,000,000
5,317,731 common shares	5,317,731	5,317,731
Contributed surplus	4,304,109	4,267,025
Retained earnings — Note 8	11,668,480	11,655,611
	26,290,320	26,240,367
	\$160,361,169	\$133,335,462

Auditors' report

To the Shareholders of
Commonwealth Holiday Inns of Canada Limited.

We have examined the consolidated balance sheet of Commonwealth Holiday Inns of Canada Limited and its subsidiaries as at October 31, 1975 and the consolidated statements of earnings, retained earnings, contributed surplus and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1975 and the results of their operations and the changes in their financial position for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

London, Canada.
February 4, 1976.

Clarkson, Gordon & Co.,
Chartered Accountants.

Consolidated statement of earnings

Year ended October 31, 1975 (with comparative amounts for 1974)

	1975	1974
Total sales of company operated and managed Inns and other revenues	\$137,976,675	\$109,545,456
Less sales of managed Inns	18,080,055	10,463,283
	119,896,620	99,082,173
Management fees	798,070	609,543
Sales and other revenues — excluding managed Inns	\$120,694,690	\$ 99,691,716
Earnings from operations before charges as set out below	\$ 30,078,112	\$ 28,907,361
Rent	13,777,116	10,948,000
Depreciation and amortization	4,821,075	3,925,131
Amortization of deferred expenses	1,186,419	1,418,534
Interest on long term debt	7,786,633	6,153,582
	27,571,243	22,445,247
	2,506,869	6,462,114
Equity in losses of affiliate — Note 3	716,000	442,000
Earnings before taxes on income and extraordinary item	1,790,869	6,020,114
Taxes on income — Note 6	1,378,000	3,360,000
Earnings before extraordinary item	412,869	2,660,114
Extraordinary item:		
Foreign exchange loss on repayment of long term debt due in Deutsch Marks (net of accumulated deferred foreign exchange gains)		293,951
Net earnings for year	\$ 412,869	\$ 2,366,163
Earnings per share — Note 13		
Earnings before extraordinary item	0	\$0.46
Net earnings	0	\$0.41

Consolidated statement of retained earnings

Year ended October 31, 1975 (with comparative amounts for 1974)

	1975	1974
Balance beginning of year	\$11,655,611	\$ 9,752,441
Add net earnings for year	412,869	2,366,163
	12,068,480	12,118,604
Deduct:		
Dividends on preferred shares	400,000	203,014
Expenses in connection with issue of preferred shares (net of income taxes of \$142,600)		259,979
	400,000	462,993
Balance end of year	\$11,668,480	\$11,655,611
(See accompanying notes)		

Consolidated statement of changes in financial position

Year ended October 31, 1975 (with comparative amounts for 1974)

	1975	1974
Source of funds:		
Operations — consisting of:		
Earnings before extraordinary item	\$ 412,869	\$ 2,660,114
Add non-fund items —		
Deferred income taxes	1,378,000	3,160,000
Depreciation and amortization	6,007,494	5,343,665
Other	723,616	387,218
	8,521,979	11,550,997
Mortgages and other long term loans	18,481,018	10,196,190
Investment by minority interest in preference shares of a subsidiary less equity in loss for year	680,764	180,553
Sale of shares (net of share issue expense)		4,597,420
Excess of proceeds over cost of acquired common shares resold during period	37,084	
Sale of fixed assets		2,400,000
Transfer of current liability for taxes to deferred account	200,000	
	27,920,845	28,925,160
Application of funds:		
Purchase of fixed assets (including Inns under construction) and major renovations	19,558,897	20,115,644
Investments	887,199	1,047,231
Acquisition of net non-current assets of subsidiary (see particulars in Note 1)	5,333,970	
Deferred expenses	2,086,454	1,206,503
Franchises	11,812	288,934
Reduction of long term debt (including foreign exchange loss in 1974)	2,426,801	3,997,659
Dividends on preferred shares	400,000	203,014
	30,705,133	26,858,985
Increase (decrease) in working capital	(2,784,288)	2,066,175
Working capital beginning of year	2,128,202	62,027
Working capital (deficit) end of year	\$ (656,086)	\$ 2,128,202

Consolidated statement of contributed surplus

Year ended October 31, 1975 (with comparative amounts for 1974)

	1975	1974
Balance beginning of year	\$ 4,267,025	\$ 4,267,025
Excess of proceeds over the cost of acquired common shares resold during the year	37,084	
Balance end of year	\$ 4,304,109	\$ 4,267,025

(See accompanying notes)

Notes to the consolidated financial statements

October 31, 1975

1. Significant accounting policies

Principles of consolidation

The consolidated financial statements include the accounts of the company, its wholly owned subsidiaries and its partly-owned subsidiary, Allied Inn Keepers of Trinidad and Tobago Limited (65%). All acquisitions of subsidiary companies have been accounted for by the purchase method and all material intercompany transactions have been eliminated.

In June of 1975, the company acquired substantially all of the shares and certain notes and debentures of Charterways Co. Limited for a total consideration of \$3,117,677. Particulars of net underlying assets acquired are shown below.

Fixed assets — at net book value	\$ 9,043,424
Other non-current assets — at net book value	93,126
Transportation operating authorities (based on values determined by management)	2,816,577
	11,953,127
Long term debt and deferred income taxes	6,619,157
	5,333,970
Deduct working capital deficit assumed	2,216,293
Purchase price	\$ 3,117,677

Prior to the acquisition, Charterways Co. Limited had been in receivership for a period of time and all of its accounting records had not been maintained on a current basis. For this reason it was not practicable to prepare financial statements of the new subsidiary until as at August 31, 1975, which has been taken to be the effective date of acquisition.

The accompanying consolidated balance sheet includes the assets and liabilities of Charterways Co. Limited as at August 31, 1975 but the consolidated statements of income, retained earnings and changes in financial position do not include any of the operating results of this subsidiary. In 1976 the consolidated financial statements will include the assets and liabilities of Charterways Co. Limited as at August 31, 1976 and the results of its operations and changes in its financial position for the year ended on that date.

The minority interest in the loss of the partly-owned subsidiary (Allied Inn Keepers of Trinidad and Tobago Limited) has been reflected in the accompanying consolidated statement of income as a reduction of rent expense related to this property (1975 — \$84,232; 1974 — \$58,550). During the year minority shareholders invested an additional \$764,996 cash in preference shares of this subsidiary.

The investment in shares of Allied Innkeepers (Bermuda) Limited is accounted for on an equity basis (see also Note 3).

Foreign exchange

The accounts of foreign subsidiaries and those of the company to be settled in foreign currencies are translated into Canadian dollars at current rates of exchange except for non-current assets, long-term debt and depreciation and amortization which are translated at historic rates of exchange and sales and expenses (other than depreciation and amortization) which are translated at average rates of exchange for the year. Losses, which result from translation, are written off against consolidated income and gains are deferred except to the extent of translation losses previously recorded.

Fixed assets

The company follows the policy of capitalizing interest and property taxes during the construction period in respect of owned Inns and those costs and expenses incurred during the construction period not paid for by the owners in respect of leased Inns. These latter expenditures are carried as leasehold costs.

Additionally, the company follows the policy of capitalizing certain expenses and reducing the provision for depreciation and amortization during a period immediately following the opening of both owned and leased Inns (subject to predetermined maximum amounts) on the following basis. During the period beginning with the date on which any rooms are first available to be rented and ending not later than twelve months thereafter, rent, interest, insurance, property taxes, depreciation and amortization are charged to income in accordance with a scale established by reference to occupancy. In any month to which this policy applies, such expenses* (as incurred before giving effect to the policy) cannot be reduced, by the operation of the policy, below an amount equal to the income from the particular Inn immediately before such charges. In accounting for this policy, the provision for depreciation and amortization is reduced during the applicable period and the appropriate portion of rent, interest, insurance and property taxes is added to either buildings or leasehold costs and depreciated at the company's normal rates.

Depreciation and amortization is computed on a straight-line basis at the following annual rates:

Inns assets:

Building and leaseholds	* 2½%
Paving	4
Furniture and equipment	9
Swimming pools	10

* A higher rate is applied to leaseholds, if, at the time of the expenditure, the remaining term of the lease plus one renewal period is less than 40 years.

Transportation assets:

School buses	13½%
Highway coaches	8½
Other depreciable assets —	
Buildings	5 - 10% (diminishing balance)
Equipment	20 (diminishing balance)
Miscellaneous automotive equipment	30 (diminishing balance)

Major renovations

The costs of major renovation programs at the Inns, consisting primarily of replacement of equipment and major maintenance, are deferred and amortized over a sixty month period.

Deferred costs and others assets

Costs incurred in connection with the development and opening of Inns are deferred and amortized over the first sixty months of operations. Costs incurred in connection with obtaining long term debt are deferred and amortized over the term of the respective borrowing. Franchises are carried on the books of the company without amortization. Transportation operating authorities are carried at effective cost based on values determined by management as at August 31, 1975, the effective date of acquisition of Charterways Co. Limited.

Deferred gains

Gains realized by the companies on sale and leaseback transactions are deferred and transferred to income over the terms of the applicable leases.

Income taxes

Income taxes are provided on the basis of accounting income. Income taxes not currently payable, resulting from claiming for income tax purposes deferred costs as incurred, interest during the construction period and capital cost allowances in excess of depreciation and amortization, are credited to deferred income taxes. This account will be charged in those future years, when, as a result of the application of these timing differences, income taxes actually payable will be greater than the amounts provided for in those years (see Note 6).

			Unamortized balance October 31	
	Cost	Accumulated amortization	1975	1974
Deferred opening and develop- ment costs	\$6,384,859	\$2,348,514	\$4,036,345	\$3,517,694
Deferred cost of borrowing	1,838,815	362,686	1,476,129	1,001,619
	\$8,223,674	\$2,711,200	\$5,512,474	\$4,519,313

During the year deferred costs were increased by \$2,086,454 and were reduced by amortization of \$1,186,419. Additionally, deferred costs of \$478,209 which were fully amortized, were eliminated from the accounts.

2. Fixed Assets

A major portion of the real estate, furniture and equipment and transportation equipment is pledged to secure mortgages and other long term debt.

The total of amounts carried as leasehold costs (net) in the accompanying consolidated financial statements amounts to \$10,705,000 (\$8,730,000 in 1974).

3. Investments

This consists of investments in Allied Innkeepers (Bermuda) Limited and certain other companies, particulars of which are as follows:

	1975	1974
Allied Innkeepers (Bermuda) Limited:		
Ordinary shares (33⅓%) — at cost	\$ 240,000	\$ 240,000
Debentures — at cost	6,326,054	6,326,054
Advances on open account	2,366,735	1,419,792
	8,932,789	7,985,846
Less reduction in carrying value of investment	2,420,292	1,704,292
	6,512,497	6,281,554
Other — at cost	1,206,101	1,265,845
	\$7,718,598	\$7,547,399

As the company accounts for its investment in shares of Allied Innkeepers (Bermuda) Limited on an equity basis, an additional provision of \$716,000 has been made during the year for the company's share of the loss of that company for its year ended September 30, 1975.

4. Deferred costs

These consist of the cost and accumulated amortization of deferred costs which have not been fully amortized at October 31, 1975.

5. Long term debt

Long term debt outstanding at October 31, 1975 and 1974 consists of:

	1975	1974
	Payable within one year	Amount
(a) Real estate mortgages payable: 8½%-12% first and second mortgages due on varying dates from 1976 to 1999		\$1,705,832 \$64,652,029 \$54,081,531
Deduct mortgages assumed by co-owners for which the company remains directly liable	6,341	543,712 550,000
	1,699,491	64,108,317 53,531,531
Including payable in foreign currency		
U.S. \$27,085,069 (Cdn. \$26,866,108)		
T.T. \$ 5,240,210 (Cdn. \$ 2,605,725)		
U.K. £ 121,301 (Cdn. \$ 291,128)		
(b) Conditional sales contracts on transportation equipment	378,733	5,776,278
(c) Secured notes payable: 6 7/8% secured notes maturing June 30, 1991, repayable semi-annually by payments of blended prin- cipal and interest of \$428,000 U.S. (secured by mortgages and first floating charge on certain property) (\$8,224,217 U.S.)	300,622	8,379,004 8,659,977
Deduct amount of secured notes assumed by Allied Inn- keepers (Bermuda) Limited (\$1,730,000 U.S.) for which the company remains directly liable	61,182	1,705,294 1,762,477
	239,440	6,673,710 6,897,500

Notes continued

	1975	1974
	Payable within one year	Amount
(d) Sinking fund debentures payable: 7½% senior debenture maturing December 1, 1979 (sinking fund payment of \$100,000 in each of the years 1976 to 1979 and \$50,000 on maturity)	100,000	450,000
6% Series "B" subordinated debentures maturing June 30, 1979 (sinking fund payments of \$40,000 annually)	40,000	160,000
	140,000	610,000
(e) Due to bankers:		
Repayment terms extending to 1982	64,929	8,257,713
		3,120,593
(f) Unsecured notes payable due on varying dates from 1976 to 1983	330,147	1,862,259
Including payable in foreign currency		
Portuguese Escudos 26,000,000 (Cdn. \$1,040,000)		
(g) Interim financing repayable from proceeds of committed mortgage loans (secured by first mortgages on certain properties)	10,970,000	10,802,358
	\$2,852,740	98,258,277
Less payable within one year	2,852,740	1,541,319
		\$95,405,537
		\$73,560,663

Real estate mortgages:

Certain mortgages contain participation clauses which may increase interest payable thereon.

Conditional sales contracts:

Conditional sales contracts on transportation equipment include \$4,525,833 which are payable under an agreement with a finance company whereby the transportation subsidiary is not required to make normal monthly instalments as provided for under the conditional sales contracts until after its 1976 fiscal year. In the accompanying consolidated financial statements no amount is included as due within one year in respect of these contracts.

Due to bankers:

As security for amounts due to bankers, the company has pledged a debenture, included in other investments at \$1,007,713, a \$5,000,000 floating charge debenture secured against its own assets, an assignment of accounts receivable and its investment in Charterways Co. Limited.

Instalments of long term debt (excluding interim financing) payable each year for the next five years are:

1976	\$ 2,852,740	1979	\$ 7,058,668
1977	15,510,278	1980	11,286,977
1978	11,510,513		

6. Deferred income taxes

Deferred taxes were further increased during the year by \$2,406,500 particulars of which are as follows:

Taxes on income	\$1,378,000
Transfer of current liability for taxes in 1974 to deferred account in 1975	200,000
	1,578,000
Deferred income taxes of Charterways Co. Limited	828,500
	\$2,406,500

7. Capital

The preferred shares - Series A, are redeemable after April 29, 1979 at their par value plus a premium of \$1.50 if redeemed prior to April 29, 1982; \$1.00 if redeemed thereafter and prior to April 29, 1985; \$.50 if redeemed thereafter and prior to April 29, 1988; and without premium thereafter and will be convertible into common shares on or prior to April 30, 1979 on the basis of 3 common shares for each preferred share and thereafter to April 30, 1984 on the basis of 2½ common shares for each preferred share.

As at October 31, 1975, common shares are reserved as follows:

For issuance under share purchase warrants:	
At \$2.00 per share (expiring June 30, 1978)	250,000
At \$8.00 per share (expiring November 1, 1984)	250,026
	500,026

For issuance to employees:

At \$7.00 per share	27,300
At 10% below market price at date option is granted	22,700
	50,000

For issuance to preferred shareholders under conversion privileges attaching to the preferred shares - Series A

	600,000
	1,150,026

8. Restrictions on dividends

The trust indentures relating to the sinking fund debentures and the preferred shares - Series A contain various restrictions relating to the payment of dividends (other than dividends on the preferred shares - Series A), the redemption, cancellation or retirement of the company's shares or any other such distributions. As at October 31, 1975, under the most restrictive provision, \$3,779,032 was available for any such distributions.

9. Contingent liabilities and commitments

(a) The company is contingently liable with respect to guarantees which at October 31, 1975 amounted to \$1,303,000 and with respect to guarantees of lease payments relating to two Caribbean Inns over the next nineteen years amounting to \$9,500,000. These amounts are in addition to certain debt assumed by others which has been excluded from the consolidated balance sheet but in respect of which the company remains directly liable as referred to in Note 5.

(b) The company has commitments in respect of furnishings for a leased Inn, currently under construction, totalling approximately \$6,400,000 and in respect of other construction totalling approximately \$640,000.

(c) In the course of the construction of Inns, the company is subject from time to time to various claims and disputes, most of which are settled without material cost to the company. As at October 31, 1975, there are no unsettled claims or disputes of a material nature against the company which have not been provided for or which, in the opinion of management, cannot be settled without material cost.

The liability in respect of past service pension costs not provided for in the accompanying consolidated financial statements as at October 31, 1975 amounts to \$332,840 (based on the present value of future payments). This amount is to be paid in annual instalments of \$39,800 in the next year and \$31,600 over the following twelve years. During 1975 past service pension costs totalling \$120,544 were charged to expense including \$80,224 representing a payment to cover an experience deficiency. All other pension costs are provided and paid for in the year in which such costs are incurred.

10. Long term leases and fees

The company has entered into agreements to lease properties which are operated as Inns and as transportation terminals for periods varying from 3 to 89 years at total minimum rentals for the remaining terms of the leases of approximately \$360,300,000. Total minimum fixed rentals per year as at October 31, 1975 approximate \$11,600,000. In the case of certain leases, increased rentals may be payable if Inn revenues exceed specified amounts. Certain leases provide the company with options to purchase the leased properties.

Under its agreement with Holiday Inns, Inc. the company is required to pay royalties and assessments for advertising and other services which currently amount to approximately \$3,600,000 annually. It has also entered into miscellaneous equipment leases extending to 1986 which require rental payments of approximately \$2,300,000 (\$11,500,000 for the remaining terms of the leases).

Rentals, which are determined as a percentage of revenues with no minimum amounts, are excluded from the calculation of the above amounts.

Under the terms of the agreement relating to the 6 7/8% secured notes, the company has agreed not to permit minimum annual lease obligations on real property located in Canada and continental United States to exceed 12% of the net book value of the company's fixed assets located within these two countries. As at October 31, 1975, these minimum annual lease obligations were less than 12% of the net book value of the applicable fixed assets.

11. Statutory information

The aggregate direct remuneration paid or payable by the company and its subsidiaries to directors and senior officers amounted to \$715,000 for the year ended October 31, 1975 (\$624,000 in 1974). This remuneration includes directors' fees of \$17,300 for 1975 and \$14,400 for 1974.

12. Appraisal value of real estate

Fixed assets and major renovations related to the company's owned Inns which are included in the accompanying consolidated balance sheet at a net book value of \$81,556,000 have an appraisal value of \$112,000,000 based on appraisals by Metropolitan Trust Company during 1973 with subsequent additions at cost. These appraisal values represent depreciated replacement cost of all of the Inn assets plus a value which has been attributed to the Holiday Inn franchises. Appraisal values do not reflect the income tax liability which would result from any sale of the company's owned Inns.

13. Earnings per share

Earnings per common share, after taking into account dividends on preferred shares, have been calculated on the weighted average number of common shares actually outstanding during the year. Fully diluted earnings per share have not been shown as the difference from earnings per share is immaterial.

Ten Year Review

	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966
Results for the year (thousands of dollars)										
Sales — all Inns	\$137,977	109,545	83,896	63,122	44,716	34,561	25,432	17,654	12,454	7,062
Sales — excluding managed Inns	120,695	99,692	75,909	56,843	43,024	33,259	25,432	17,654	12,454	7,062
Earnings from Operations*	413	2,660	2,641	2,165	1,590	1,330	1,176	641	468	112
Cash Flow from Operations**	8,522	11,551	9,413	7,660	5,500	4,620	3,877	2,375	1,726	691
Depreciation and Amortization	6,007	5,344	3,588	2,786	2,184	1,850	1,379	1,038	778	478
Additions to Plant and Equipment	19,559	20,116	28,524	22,990	18,460	10,954	10,996	7,653	3,224	5,053
Year End Position (thousands of dollars)										
Working Capital	(656)	2,128	62	1,956	1,996	716	184	592	(964)	(421)
Fixed Assets at Cost	148,383	114,217	100,036	75,104	58,823	43,804	32,918	25,025	17,274	13,967
Total Assets	160,361	133,335	119,592	89,516	66,243	49,571	36,031	27,052	17,856	15,596
Long Term Debt	95,406	73,561	70,568	54,322	38,726	32,333	22,593	21,545	13,776	12,114
Shareholders' Equity	26,290	26,240	19,337	16,593	14,399	8,066	6,783	1,932	1,372	1,015
General Statistics (000's omitted)										
Preferred Shares Outstanding	200	200				4	4	4	4	4
Common Shares:										
— Outstanding	5,318	5,318	5,318	5,308	5,305	2,427	2,411	2,050	2,050	2,050
— Reserved for Conversion & Options	1,150	1,150	550	565	517	3,964	3,959	3,950	675	675
— Total Outstanding and Reserved	6,468	6,468	5,868	5,873	5,822	6,391	6,370	6,000	2,725	2,725
Inns in Operation (actual at year end)	65	54	46	39	34	27	23	17	14	10
Rooms in Operation (actual at year end)	13,590	10,909	9,255	7,400	5,754	4,164	3,499	2,558	2,166	1,441

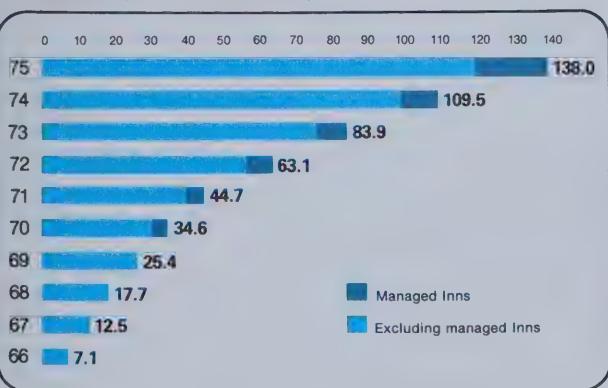
* Before dividends on preferred shares in applicable years and extraordinary loss of \$293,951 in 1974.

** Cash flow consists of earnings from operations plus charges which do not require an outlay of funds.

Cash Flow from Operations (millions of dollars)



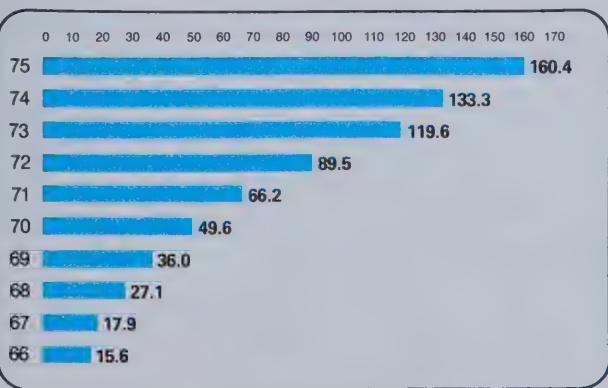
Sales (millions of dollars)



Earnings from Operations (thousands of dollars)



Total Assets (millions of dollars)



Shareholders' Equity (millions of dollars)



Inns and Innkeepers

British Columbia

Vancouver - Broadway, *Greg Lambert*
Vancouver - City Centre, *Henry Drosse*

Alberta

Edmonton, *David Koruna*
Lethbridge, *Randy Pringle*

Saskatchewan

Saskatoon, *Fred Piefke*

Manitoba

Winnipeg - Downtown, *Henning Svendsen*

Ontario

Kenora, *Paul Wagner*
Thunder Bay, *Alexander Zikakis*
Sault Ste. Marie, *Peter Pappoulias*
Sudbury, *Murray Ede*
Windsor, *John Brezsnyak*
Wallaceburg, *Duncan Whillans*
Chatham, *John Freier*
Sarnia, *Ted Isaac*
London - South, *Eric Hall*
London - City Centre,
 Nick Thompson-Wood, General Manager
London - City Centre Tower,
 Nick Thompson-Wood, General Manager
Kitchener, *John Vinkenbrink*
Cambridge, *Gus Kuppers*
Brantford, *Gary Robinson*
Hamilton, *Irv Phillips*
Burlington, *Tony Miele*
St. Catharines
Oakville, *Martin Larkin*
Toronto - Downtown, *Rudy Berger*
Toronto - Don Valley, *Bernhard Kainer*
Toronto - Yorkdale, *Robert Moore*
Toronto - East, *Doug Escott*
Toronto - West, *Peter Pattera*
Toronto - Airport, *Dokse Perkin*
Oshawa, *Gerry Kniehl*
Orillia, *Bruce Lee*
Barrie, *John Clarke*
Collingwood, *Greg Gouthreau*
Owen Sound, *Ralph Sabourin*
Huntsville, *David Wright*
Peterborough, *Len Moran*
Kingston, *Gerry Leyendeckers*
Cornwall, *Jean Claude Beauvalet*
Ottawa - Centre, *Joe Slomka*
Ottawa - Downtown, *Mike Lameree*

Québec

Montréal - Longueuil, *George Hayes*
Montréal - Pointe Claire, *Guy Warnery*
Sherbrooke, *Raynald Ouellet*
Québec City - Downtown,
 Georges Villedary

Nova Scotia

Halifax - Centre, *Ingo Koch*
Sydney, *Grant Channing*

Michigan

Port Huron, *Mike Prochazka*

New York

Grand Island - Buffalo / Niagara,
 Terry O'Brien

Innkeeper at Large

Mrs. M. A. Andersen

Caribbean

Antigua, *Darryl Belizaire*
Grenada, *Kendall Dunn*
Barbados, *Carsten Flindt*
St. Lucia, *Dieter Kueppers*
Port of Spain, *Trinidad, Robert Perrin*
Guadeloupe, *Vidar Wilberg*

United Kingdom

Plymouth, *George Van Eeghem*
London - Marble Arch, *Jean Pierre Amberg*
London - Swiss Cottage, *Fritz Ternofsky*
Slough / Windsor, *Jan Hubrecht*
Bristol, *Horst Berl*
Newcastle, *Dudley Osborn*

London - Heathrow Airport, *Patrick Dignan* †
Birmingham - City Centre, *Henk Bosch* †
Dover - City Centre, *Peter Taylor* †
Leicester - City Centre,
 Wolfgang Bumbach †
Liverpool - City Centre, *Jack Ferguson* †

Under construction

Québec

Montréal - Dominion Square* * ††

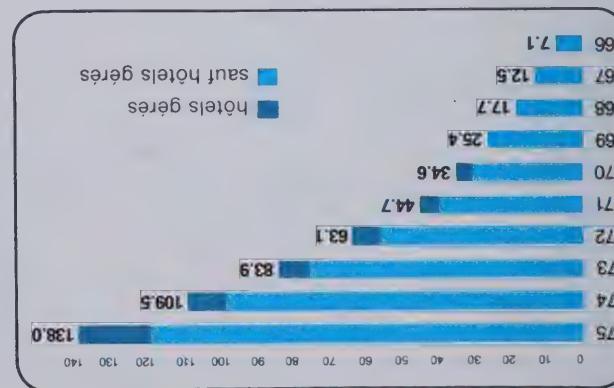
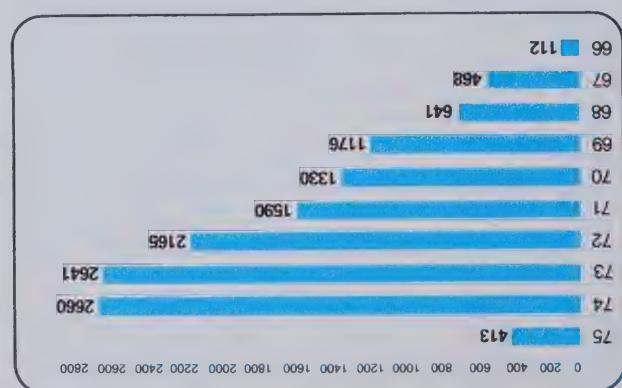
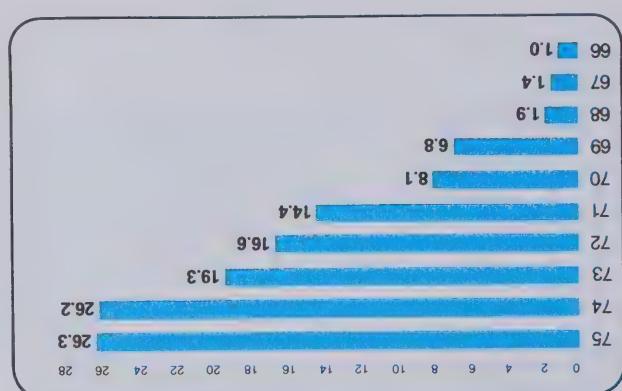
* * Opening 1978

† Jointly operated with Holiday Inns, Inc.

†† Jointly operated with Atlific Inns, Inc.

Hôtels et gérants d'hôtels

Colombie-Britannique Vancouver - Broadway, Greg Lambeau Montreal - Longueuil, George Hayes Montréal - Pointe Claire, Guy Warmer	Alberta Edmonton, David Kourna Lethbridge, Randy Pringle	Saskatchewan Saskatoon, Fred Pfeffer	Manitoba Winnipeg - Downtown, Henning Svendsen	Ontario Kendrew Bay, Alexander Zikkis Sault Ste. Marie, Peter Pappoulias Thunder Bay, Muray Ede Sudbury, John Brezenyak Windsor, John Brezenyak Chatham, Ted Isaac London - South, Eric Hall London - City Centre, Nik Thompson-Wood, General Manager London - General Manager	Quebec En construction Montreal - Carrefour Domination * * * Montreal - Holiday Inn, Inn. * * Inauguration en 1978 * * Opère conjointement avec Holiday Inn, Inn. Opère conjointement avec Allifac Inns, Inn.	Nouvelle-Ecosse Halifax - Centre, Hugo Koch Sydney, Grant Channing Port Huron, Mike Prochazka Michigan	New York Terry O'Brien Grand Island - Buffalo / Niagara, N.Y. Me M. A. Andersen	Les Antilles Antigua, Darrell Belizaire Grenada, Kendall Dunn Barbade, Carsten Findt St Lucia, Deter Kueppers Port of Spain, Trinidad, Robert Perrin Guadeloupe, Vida Willberg	Toronto - Yorkdale, Roderick Kainier Toronto - Don Valley, Rudy Berger Toronto - Downton, Rudy Berger Oshawa, Gerry Knihel Toronto - East, Doug Escott Toronto - West, Peter Pattera Owen Sound, Ralph Sabourin Huntsville, David Wright Peterborough, Len Moran Kingston, Gerry Leyendecker Gatineau, Jean Claude Beauchet Ottawa - Centre, Joe Slomka Ottawa - Downtown, Mike Lamere
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Recapitulation de dix années

Résultats pour l'année (en milliers de dollars)											
Ventes — tous les hôtels	\$137,977	109,545	83,896	63,122	44,716	34,561	25,432	17,654	12,454	7,062	
Ventes — sauf les hôtels gérés	120,695	99,692	75,909	56,843	43,024	33,259	25,432	17,654	12,454	7,062	
Bénéfice d'exploitation*	413	2,660	2,641	2,165	1,590	1,380	1,176	641	468	112	
Fonds autogénérés (cash flow)**	8,522	11,551	9,413	7,660	5,500	4,620	3,877	2,375	1,726	691	
Amortissements	6,007	5,344	3,588	2,786	2,184	1,850	1,379	1,038	778	478	
Additions — immobilisations	19,559	20,116	28,524	22,990	18,460	10,954	10,996	7,653	3,224	5,053	
Total de l'actif	160,361	133,335	119,592	89,516	66,243	49,571	36,031	27,052	17,856	15,967	
Immobilisations au coût	148,383	114,217	100,036	75,104	58,823	43,804	32,918	25,025	17,274	13,967	
Fonds de roulement	(656)	2,128	62	1,956	1,996	716	184	592	(964)	(421)	
Statistiques générales (milliers omis)											
Avoir des actionnaires	26,290	26,240	19,337	16,593	14,399	8,066	6,783	1,932	1,372	1,015	
Dette à long terme	95,406	73,561	70,568	54,322	38,726	32,333	22,593	21,545	13,776	12,114	
Total des actions ordinaires	200	200									
Hôtels exploités (chiffre réel à fin de l'exercice)	65	54	46	39	34	27	23	17	14	10	
Chambres exploitées (chiffre réel à fin de l'exercice)	13,590	10,909	9,255	7,400	5,754	4,164	3,499	2,558	2,166	1,441	

* Les fonds autogénérés (cash flow) représentent le bénéfice d'exploitation plus les frais d'entretien et de déboursés.

** Avant dividendes sur actions privilégiées pour les années concernées et la perte extraordinaire de \$293,951 en 1974.

• 11

Les compagnies et les renouvelles méthodes relatives aux hôtels sont à une valeur comparable étant inscrites au bilan consolidé. Les modifications et les renouvelles méthodes relatives aux hôtels sont à une valeur comparable étant inscrites au bilan consolidé. Les estimations de la valeur nette de \$81,556,000 ont une valeur estimative de \$112,000,000 selon des estimations de la Metropolitan Company effectuées au cours de 1973 à l'exception des unités résidentielles qui ont été ajoutées au cours de 1974. Ces valeurs estimatives représentent le coût de remplacement amorti de tous les éléments des hôtels plus une valeur qui a été attribuée aux concessions Holiday Inn. Les valeurs estimatives relatives aux hôtels sont à une valeur nette de la vente d'hôtels dont la compagnie est propriétaire.

Le bénéfice par action ordinaire, compte tenu des dividendes sur les actions privilégiées, a été calculé après la moyenne pondérée du nombre des actions ordinaires diluées dans le résultat au cours de l'exercice. Le bénéfice par action ordinaire a été déduit d'un bénéfice par action de 1,00 \$ présentant avec le bénéfice par action est négligeable.

12. Valeur estimative des biens immobiliers

Les services passés totallisaient \$120,544 dont été passées à dépenses, y compris un versement de \$80,224 pour courrir un défi culturel des autres frais de rétention soit compatibles avec les exercices au cours duquel ils sont encourus.

9. Passif éventuel et engagements

10. Baux à long terme et honoraires

Le bénéfice par action ordinariaire, compte tenu des dividendes sur les actions privilégiées, a été calculé à partir d'un moyen pondéré des cours de clôture au cours de l'exercice.

13. Benethic par action

des 115,000 pour administrer les honoraires de 1975 (\$624,000 en 1974). La remunération complète de 1975 pour 1975 fut \$14,400 pour 1974.

11. Renseignements statistiques

Notes, suite

1975 1974

A payer en
deçà d'un an

Montant

(d) Débentures à fonds	100,000	450,000	550,000
Débentures prioritaires	\$ 100,000 au fonds	\$ 550,000 à	
7% des actions prioritaires	années de 1976 à	échéant le 1er décembre	
Debentures subordonnées	6% "suite à", échéant le 30 juin 1979 (versement annuels de \$40,000 au fonds)	versement annuel de \$40,000 au fonds	
(e) A payer aux banquiers:	40,000	160,000	200,000

Leur valeur nominale, plus une prime de \$1,50 si elles sont rachetées avant le 29 avril 1982, une prime de \$1 si le rachat a lieu ultérieurement à cette date mais avant le 29 avril 1985, une prime de \$0,50 si le rachat a lieu ultérieurement à cette date mais après le 29 avril 1985, une prime de \$1 si le rachat a lieu pour la suite, et les seules rachètes effectuées au cours de l'exercice.	140,000	610,000	750,000

(f) Billets non garantis à échéance	64,929	8,257,713	3,120,593

Y compris les effets à portefeuille (Can. \$1,40,000)	330,147	1,662,259	

Y compris les effets à portefeuille (Can. \$1,40,000)	330,147	1,662,259	

Moins sommes à payer	10,970,000	10,802,358	

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Moins sommes à payer	10,970,000	10,802,358	

Moins sommes à payer	10,970,000	10,802,358	

LIVRES.

Au cours de l'exercice, les frais reportés ont augmenté de \$2,086,454 et ont été réduits de \$1,186,419 par amortissement amortis soit à des frais de \$478,209 ayant été entièrement amortis. En outre, les frais reportés de l'exercice, les frais reportés ont été réduits de \$478,209 ayant été entièrement amortis soit à des

A. Frais reportés

1. Principales convenciones contables

Notes sur les états financiers consolidés

31 ottobre 1975

Etat consolidé de l'évolution de la situation financière

Exercice terminé le 31 octobre 1975 (avec montants comparatifs pour 1974)

Etat consolidé du surplus d'apport		Exercice terminé le 31 octobre 1975 (avec montants comparatifs pour 1974)
Solde au début de l'exercice	\$ 1974	\$ 1974
Exceedent du produit sur le coût d'acquisition des actions ordinaires revendues au cours de l'exercice	37,084	37,084
Solde au fin de l'exercice	\$ 4,267,025	\$ 4,267,025
Exceedent du produit sur le coût d'acquisition des actions ordinaires revendues au cours de l'exercice	\$ 4,304,109	\$ 4,267,025
Solde à la fin de l'exercice	\$ 4,267,025	\$ 4,267,025
Fonds de roulement (déficit) à la fin de l'exercice		\$ (656,086)
Augmentation (diminution) du fonds de roulement	(2,784,288)	2,066,175
Fonds de roulement au début de l'exercice	2,128,202	62,027
Fonds de roulement (déficit) à la fin de l'exercice	\$ (656,086)	\$ 2,128,202
Etat consolidé des fonds:		
Hypothèques et autres emprunts à long terme	10,196,190	
Investissement d'une participation minoritaire dans les actions privilégiées d'une filiale, moins participation à la perte de l'exercice	18,481,018	
Vente d'actions (déduction faite de la dépense d'émission d'actions)	4,597,420	
Vente d'immobilisations	2,400,000	
Virement des importations à payer à court terme au compte des importations	27,920,845	
Achat d'immobilisations (y compris les hôtels en construction)	19,558,897	
et renovations majeures	20,115,644	
Acquisition d'éléments d'actif net non à court terme d'une filiale (voir détails à la Note 1)	887,199	
Placements et renovations majeures	19,558,897	
Frais de portes	5,333,970	
Concessions	2,086,454	
Diminution de la dette à long terme (y compris la perte sur devises étrangères en 1974)	2,426,801	
Diminution de la dette à long terme (y compris la perte sur devises étrangères en 1974)	2,033,014	
Dividendes sur actions privilégiées	400,000	
Augmentation (diminution) du fonds de roulement	(2,784,288)	
Fonds de roulement au début de l'exercice	2,128,202	
Fonds de roulement (déficit) à la fin de l'exercice	\$ (656,086)	

Etat consolidé des bénéfices

Exercice terminé le 31 octobre 1975 (avec montants comparatifs pour 1974)

Ventes totales des hôtels exploités et gérés par la compagnie et autres revenus	\$137,976,675	18,080,055	\$109,454,456	Monts ventes des hôtels gérés par la compagnie
Honoraires de gestion	798,070	99,082,173	609,543	Honoraires de gestion
Ventes et autres revenus — exclusant les hôtels gérés par la compagnie	\$120,694,690	\$ 99,691,716		Ventes et autres revenus — exclusant les hôtels gérés par la compagnie
Bénéfice d'exploitation avant les frais désoûs	\$ 30,078,112	\$ 28,907,361		Bénéfice d'exploitation avant les frais désoûs
Loyers	10,948,000	22,445,247	6,462,114	Participation aux pertes d'une compagnie affiliée — Note 3
Amortissement des immobilisations	3,925,131	1,418,534	6,020,114	Bénéfice avant impôts sur le revenu et poste extraordinaire
Intérêt sur la dette à long terme	6,153,582	7,786,633	1,790,869	Impôts sur le revenu — Note 6
Autres	10,948,000	22,445,247	6,462,114	Bénéfice avant impôts sur le revenu — Note 6
Participation aux pertes d'une compagnie affiliée — Note 3	2,506,869	716,000	442,000	Perte extraordinaire
Bénéfice avant impôts sur le revenu et poste extraordinaire	1,790,869	1,790,869	6,020,114	Impôts sur le revenu — Note 6
Bénéfice net de l'exercice	\$ 412,869	\$ 2,366,163		Bénéfice net — Note 13
Benefice par action — Note 13	0	0	\$0,46	Bénéfice avant poste extraordinaire
Benefice net	0	0	\$0,41	Bénéfice net
Exercice terminé le 31 octobre 1975 (avec montants comparatifs pour 1974)				

Etat consolidé des bénéfices non répartis

Exercice terminé le 31 octobre 1975 (avec montants comparatifs pour 1974)

Solde au début de l'exercice	\$11,655,611	462,000	259,979	Dépenses relatives à l'émission d'actions privilégiées (déduction faîte des impôts sur le revenu de \$ 142,600)
Dividendes sur actions privilégiées	203,014	400,000	12,118,604	Moins :
Plus bénéfice net de l'exercice	2,366,163	412,869	\$ 9,752,441	Solde au début de l'exercice
1974	1975	\$11,655,611	\$ 9,752,441	

Aux actionnaires de Commonwealth Holiday Inns of Canada Limited.
 Nous avons examiné le bilan consolidé de Commonwealth Holiday Inns of Canada Limited et de ses filiales au 31 octobre 1975 ainsi que l'état consolidé des bénéfices, l'état consolidé des bénéfices non répartis, l'état consolidé du surplus d'apport et l'état consolidé de l'évolution financière pour l'exercice terminé à cette date. Notre examen a comporté une revue générale des compagnies présentées dans leur situation financière à cette date, conformément aux principes comptables généralement reconnus, lesquels ont été applicables de la même manière qu'au cours de l'exercice précédent.

A notre avis, ces états financiers consolidés présentent fidèlement la situation financière des compagnies au 31 octobre 1975, ainsi que les résultats de leur exploitation de leur situation financière pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus, lesquels ont été applicables de la même manière qu'au cours de l'exercice précédent.

London, Canada.
 Gordan & Cie,
 Comptables agréés
 le 4 février 1976.

Rapport des vénificateurs

PASSIF ET AVOIR DES ACTIONNAIRES		1974
Comptes à payer et frais courus	\$ 13,690,802	
Dette à long terme à payer en dégâts d'un an	1,417,684	
Dette à long terme à payer en dégâts de taxes à payer	2,852,740	
Dette à long terme — Note 5	95,405,537	73,560,663
Gains reportés	1,350,338	(millions amortissement à ce jour de \$285,294 en 1975 et \$205,800 en 1974)
Impôts sur le revenu reportés — Note 6	17,053,486	14,646,986
Avoir des actionnaires:	1,478,073	797,309
Capital — Note 7		
Autres:		
800,000 actions privilégiées d'une valeur au pair de \$25 chacune	7,425,000 actions ordinaires sans valeur au pair	
200,000 actions privilégiées, 8% cumulatif, rachetables et convertibles — série A	5,000,000	
5,317,731 actions ordinaires	5,317,731	
4,304,109 actions ordinaires	4,267,025	
11,668,480 actions ordinaires	11,655,611	
Bénéfices non répartis — Note 8	26,290,320	26,240,367

administrateur

administrateur

Au nom du Conseil:

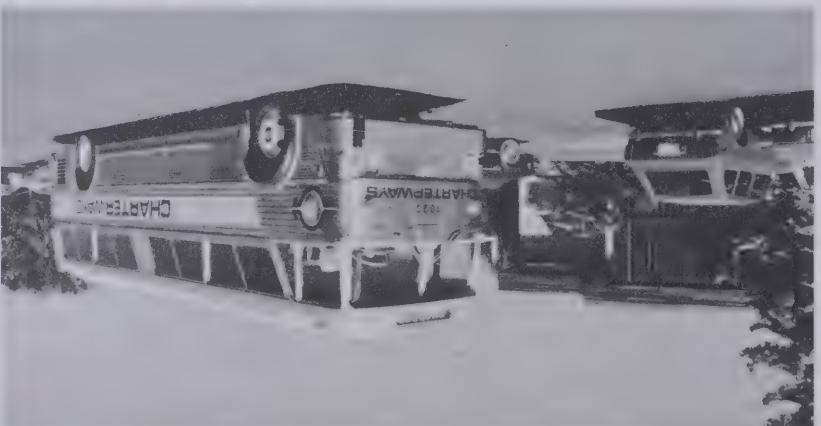
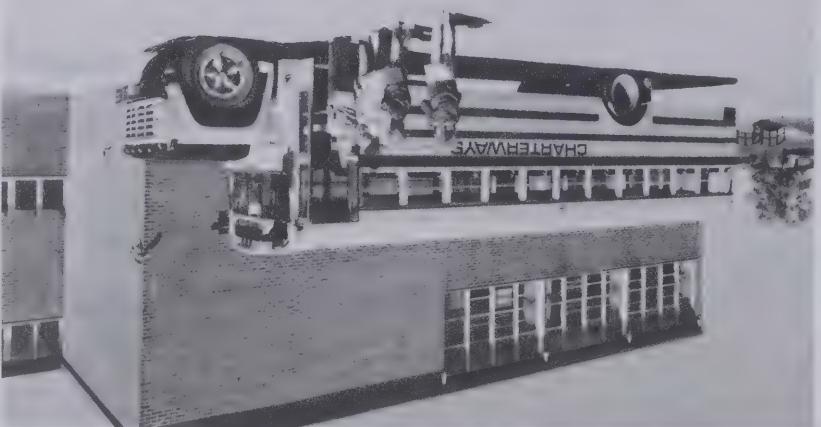
(Voir les notes ci-jointes)

ACTIF	1975	1974
Actif à court terme:		
Encaisse	\$ 3,817,160	\$ 6,801,508
Comptes à recevoir	8,138,355	7,221,528
Stocks — au moins de valeur nette de vente	819,562	2,826,046
Frais payés d'avance	2,716,727	1,928,925
Montants à recevoir en vertu de contrats de vente	2,635,525	1,928,925
Terminaisons — au court — Notes 2 et 12	18,127,329	18,778,007
Batiments, immeubles loués, etc.	90,442,003	62,723,396
Moins amortissement accumulés	142,768,354	91,928,997
Renovations majeures (moins amortissement à ce jour de \$1,978,053 en 1975 et \$1,302,202 en 1974)	3,636,844	2,356,997
Hôtels en construction — au court	124,537,117	82,127,172
Places en construction — Note 3	7,718,598	7,547,399
Frais d'ouverture et de développement — net — Note 4	4,036,345	3,517,694
Frais d'emprunt — net — Note 4	1,476,129	1,001,619
Concessions — Holiday Inns, Inc. — au court	1,649,074	1,734,872
Permis d'exploitation de transport — au court — Note 1	2,816,577	6,254,125
Frais reportés et autres éléments d'actif:	9,978,125	\$160,361,169
Au nom du Conseil:	\$133,335,462	

estimable. Cet xvi^e siècle fut une époque de grande activité dans l'industrie et le commerce. Les échanges avec l'étranger furent très actifs, et les échanges avec l'Amérique du Sud et l'Asie furent particulièrement importants.

Grâce à l'acquisition de Charterways, la compagnie peut offrir un mode de transport routier complet bien adapté aux demandes d'hôtels. Des programmes de charnière sont prévus pour la saison touristique mise en marché d'excursions conjointes entre les deux compagnies.

De plus, la Compagnie exploite une flotte d'autobus destinés à l'affrètement par des



Charterways Co. Limited

Président et Directeur administratif en chef

au vu du climat économique actuel, nous sommes heureux de constater les progrès des exploitations de la Compagnie suisse d'hydroélectricité. L'augmentation continue de la production de la compagnie suisse depuis 1975, et l'augmentation continue des revenus de la compagnie suisse sont le résultat d'un travail continu et dévoué des hommes qui œuvrent pour la compagnie suisse. Nous sommes fiers de la compagnie suisse et nous continuons à faire tout ce qu'il est possible pour assurer la sécurité et la stabilité de la compagnie suisse.

Les revenus de la Campagne pour l'exercice financier terminé le 31 octobre 1975 ont été en baisse de 10% par rapport à l'année précédente. Les revenus des séminaires et formations qui sont effectués dans les domaines du Nord et en Europe. Au cours de cet exercice, l'attention mondiale a été attirée par les produits alimentaires. Le renouvellement de l'activité industrielle et la diminution des personnes utilisant les voyages et de leur nombre des voyages d'affaires nécessite une réorganisation de l'industrie. Tous ces facteurs ont entraîné un déclin continu des hôtels de la Compagnie.

Ernest B. Fletcher, President



Administration



COMMONWEALTH HOLIDAY BILLS OF CANADA LIMITED



RAPPORTE
ANNUEL
1975